

Message Text

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ACTION EB-08

INFO OCT-01 EA-12 ISO-00 CAB-05 CIAE-00 COME-00
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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3780

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL SYDNEY

AMEMBASSY WELLINGTON

UNCLAS CANBERRA 5512

E.O. 1165)E N/A

TAGS: EAIR, AS

SUBJ: CIVAIR: AUSTRALIA-US NEGOTIATIONS

1. THE DEPARTMENT WILL NO DOUBT BE INTERESTED IN THE FOLLOWING ARTICLE WHICH APPEARED IN THE SYDNEY MORNING HERALD OF JULY 10 UNDER THE HEADING, "PACIFIC AIR FARE TALKS DELAYED: U.S. ANGRY." ARTICLE WAS WRITTEN BY MIKE STEKETEE, WASHINGTON DATELINE.
2. "FOR AT LEAST THE SECOND TIME, THE AUSTRALIAN GOVERNMENT HAS POSTPONED TALKS IN WASHINGTON BETWEEN U.S. AND AUSTRALIAN AVIATION OFFICIALS ON CUT-RATE FARES ACROSS THE PACIFIC.

"THE LATEST DELAY HAS INFURIATED THE AMERICAN SIDE, BECAUSE OF THE SHORT NOTICE IT RECEIVED AND BECAUSE OFFICIALS HERE BELIEVE THE AUSTRALIANS ARE ADOPTING STALLING TACTICS.

"SENIOR AMERICAN OFFICIALS HAVE DISCUSSED INFORMALLY THE POSSIBILITY OF RETALIATING AGAINST AUSTRALIA BY REFUSING PERMISSION FOR SOME QANTAS FLIGHTS TO LAND IN THE U.S.

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"'IT APPEARS WE ARE ON A COLLISION COURSE,' ONE OFFICIAL SAID. 'WE MAY HAVE TO TAKE SOME PRETTY ROUGH DECISION IN THE NEXT FEW WEEKS'.

"A FLURRY OF FARE PROPOSALS ON THE PACIFIC ROUTE IS PART OF A RAPIDLY DEVELOPING ROW BETWEEN THE CARTER ADMINISTRATION AND THE

FEDERAL GOVERNMENT OVER AVIATION POLICY.

"THE CHAIRMAN OF QANTAS, SIR LENOX HEWITT, REVEALED RECENTLY THAT THE AIRLINE HAD PROPOSED A NEW CUT-RATE FARE ACROSS THE PACIFIC, AND HE BELIEVED IT WOULD BE APPROVED IN THE NEXT FEW MONTHS.

"IT COULD BE LOWER THAN PAN AM'S SUGGESTED DOLS US 778 (ABOUT DOLS A 665) RETURN TICKET BETWEEN THE U.S. WEST COAST AND SYDNEY.

"THE HERALD HAS LEARNED THAT THE U.S. AIRLINE, CONTINENTAL -- WHICH HAS APPLIED TO JOIN QANTAS AND PAN AM ON THE PACIFIC ROUTE "" HAS ALSO SUBMITTED LOW FARE PROPOSALS. ONE, ACCORDING TO U.S. OFFICIALS, IS SIGNIFICANTLY LOWER THAN PAN AM'S.

"SIR LENOX INDICATED THAT THE PROPOSED QANTAS FARE WOULD INCLUDE CONDITIONS. PAN AM'S PROPOSAL ALSO INVOLVES ADVANCE PURCHASE AND MINIMUM STAY REQUIREMENTS.

"U.S. OFFICIALS DISCLOSED THAT CONTINENTAL WANTED TO OFFER A LOWER FARE WITH CONDITIONS, AND A CUT IN THE NORMAL ECONOMY FARE.

"CONTINENTAL SUBMITTED PROPOSALS A YEAR AGO TO FLY THE PACIFIC ROUTE.

"TALKS IN CANBERRA IN MARCH FAILED TO PRODUCE AGREEMENT EITHER UNCLASSIFIED

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ON LOWER FARES OR THE CONTINENTAL APPLICATION.

"THE FEDERAL GOVERNMENT HAS TOLD THE U.S. ADMINISTRATION THAT IT WILL AGREE TO CONTINENTAL'S ENTRY, BUT ONLY ON THE CONDITION THAT IT SHARES PAN AM'S EXISTING PASSENGER MARKET. THE AMERICAN SIDE HAS REJECTED THIS.

"THE U.S. ADMINISTRATION HAS NOT BEEN TOLD OFFICIALLY OF QANTAS'S LOW-FARE PROPOSAL.

"THE AUSTRALIAN NEGOTIATORS NOTIFIED THE U.S. CIVIL AERONAUTICS BOARD ABOUT 12 DAYS AGO THAT THEY MIGHT NOT BE READY FOR SUBSTANTIVE DISCUSSIONS IN THE MEETING SCHEDULED TO TOMORROW.

"THE CAB REPLIED THAT IT REGARDED THE TALKS AS VITAL AND WAS ANXIOUS THAT THE AUSTRALIAN TEAM SHOULD ATTEND.

"LAST TUESDAY, THE AUSTRALIAN SIDE NOTIFIED THE CAB THAT IT WOULD NOT BE ABLE TO DISCUSS SUBSTANTIVE ISSUES.

"THE CAB TOLD THE AUSTRALIANS IT REGARDED THE ISSUE VERY SERIOUSLY AND WOULD RESPOND LATER ON ANOTHER DATE FOR THE MEETING."

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